

THE UNITED STATES AND NORTHEAST ASIA

HEARING

BEFORE THE

SUBCOMMITTEE ON ASIA AND THE PACIFIC

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COMMITTEE ON

INTERNATIONAL RELATIONS

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THE UNITED STATES AND NORTHEAST ASIA

THURSDAY, MAY 26, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ASIA AND THE PACIFIC,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 9:44 a.m. in room 2172, Rayburn House Office Building, Hon. James A. Leach (Chairman of the Subcommittee) presiding.

Mr. LEACH. The Committee will come to order. On behalf of the Subcommittee, I would like to welcome our distinguished witnesses this morning.

We are fortunate today to have with us the Honorable Christopher Hill, the new Assistant Secretary of State for East Asia and the Pacific, who is making his inaugural appearance before this Subcommittee in this capacity. Assistant Secretary Hill has just returned from a tour of the region, and we look forward to hearing his impressions of the trip.

Likewise, although he is well-known to this Subcommittee, also making his first appearance before us is Richard P. Lawless, the Deputy Under Secretary of Defense for Asia and the Pacific. The Subcommittee welcomes you, Secretary Lawless.

The purpose of today's hearing is to review recent developments in Northeast Asia and their potential impact on our United States policy and our broader national interests.

As my colleagues understand, Northeast Asia remains a central element of the United States foreign and strategic policy even as other concerns, such as global terrorism in the situation of the Middle East, dominate the foreign policy headlines.

The compelling nature of America's economic, political and security interests in this region are well understood and require little elaboration. There is nothing more difficult than to put perspective on the events of today because many issues can only be understood clearly, if at all, with the passage of time. But if we ask what is new in the rapidly transforming landscape of Northeast Asia, it seems to me that four issues stand out.

First, the heightened danger of political-military confrontation in the Korean Peninsula, and to a lesser extent perhaps, the Taiwan Strait. Averting war in Asia has to be America's most important geopolitical challenge in our relations with the world today. Given the various traumas in the Middle East and Persian Gulf, conflict in Asia could untenably stretch American resources while unleashing regional dynamics that would be sharply inimical to U.S. interests.

Second is rising American citizen angst about China. While Taiwan is the geopolitical trigger point in United States-China relations, trade is the emerging challenge. It is the assumption of most Western economists that trade is mutually advantageous, and that free markets are more likely to lead to ties that bind rather than cause friction. But the more unbalanced a trade relationship is, the greater the likelihood that tension will build. Citizen concerns about human rights, the imbalance of trade, the outsourcing of jobs, the piracy of intellectual property and currency manipulation are real. Tension is palpable.

Third is evidence of increasing antagonism between countries in the region, the causes of which have little to do with the United States. For a variety of reasons, it would appear that great power rivalries are on the rise in Northeast Asia, with its attendant potential to create uncertainty and foster regional instability. Attentive American concern, robust engagement and steady leadership are vital if peace and prosperity are to be preserved in this historic cockpit of the geopolitical conflict, where history is often more controversial than current events.

Fourth is the transformation of America's strategic alliances. Our treaty-based alliances with Japan and South Korea have long been integral to American policy toward Northeast Asia. The United States is now in the process of adapting its military forces worldwide, a development which has large implications for the entire Asia and Pacific region. From a congressional perspective, it should be understood that these adjustments will enhance U.S. strategic capabilities; that our commitments will remain steadfast and our alliances unquestioned as the process of defense transformation moves forward.

Before turning to our witnesses I would like to return to the issue of North Korea. There are few parallels in history in which the United States has found itself with a less appealing menu of options than with North Korea. Pyongyang's nuclear program and its potential export of weapons of mass destruction have profound implications for regional stability, the international nonproliferation regime, and terrorist threats to the United States. In this context, the U.S. should recognize that while the Six-Party framework makes eminently good sense, there is nothing theological about negotiating methodology. Just as we have bilateral discussions within a Six-Party framework, we can have informal or formal bilateral discussions in other frameworks. Likewise, given the lack of substantive progress, the question of whether supplementary or alternative approaches should be considered must be put on the table. And at a minimum, we must be prepared to discuss all issues with the DPRK without precondition in the context of the Six-Party process.

There is simply no credible alternative to attentive engagement with the North. It is entirely conceivable that North Korea is determined to strengthen its military hand with a nuclear weapons capacity. But as untrustworthy as the regime is, it is nevertheless in our interest to use the next round of Six-Party Talks, whenever they may occur, to offer a clearer vision of the advantages that may accrue to Pyongyang if it abandons its march toward nuclearization.

The challenge for all of us is to develop a basis for rational discourse and rational compromise. Here it appears self-evident that, in exchange for North Korea's denuclearization and relaxation of controls on its own citizens, the United States should be prepared to take steps toward normalizing relations with the country and facilitating its participation in the broader international community.

I would, at this point, ask unanimous consent that the full Member statements be placed into the record, that this statement be allowed to be expanded and, at this point, would turn to Mr. Faleomavaega.

[The prepared statement of Mr. Leach follows:]

PREPARED STATEMENT OF THE HONORABLE JAMES A. LEACH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA, AND CHAIRMAN, SUBCOMMITTEE ON ASIA AND THE PACIFIC

On behalf of the Subcommittee, I would like to welcome our distinguished witnesses to our hearing this morning. We are fortunate today to have with us Christopher R. Hill, the new Assistant Secretary of State for East Asia and the Pacific, who is making his inaugural appearance before the Subcommittee today. Assistant Secretary Hill has just returned from a tour of the region and we look forward to hearing his impressions of the trip. Likewise, although he is well-known to this Subcommittee, also making his first appearance before us is Richard P. Lawless, Deputy Assistant Secretary of Defense for Asia and the Pacific. The Subcommittee extends a hearty welcome to you both.

The purpose of today's hearing is to review recent developments in Northeast Asia and their potential impact on U.S. policy and our broader national interests.

As my colleagues understand, Northeast Asia remains a central element of United States foreign and strategic policy even as other concerns such as global terrorism and the situation in the Middle East dominate the foreign policy headlines. The compelling nature of American economic, political and security interests in this region are well understood and require little elaboration.

There is nothing more difficult than to attempt to put perspective on events of the day because many issues can only be understood clearly, if at all, with the passage of time. But if we ask what is new on the rapidly transforming landscape of Northeast Asia it seems to me that four issues stand out:

- The heightened danger of political-military confrontation on the Korean peninsula and, to a lesser extent perhaps, the Taiwan Strait. Averting war in Asia has to be America's most important geopolitical challenge in our relations with the world today. Given the various traumas in the Middle East and Persian Gulf, conflict in Asia could untenably stretch American resources while unleashing regional dynamics that would be sharply inimical to U.S. interests.
- Rising American citizen angst about China. While Taiwan is the geopolitical trigger point in U.S.-China relations, trade is the emerging challenge. It is the assumption of most Western economists that trade is mutually advantageous and that free markets are more likely to lead to ties that bind rather than cause friction. But the more unbalanced a trade relationship is, the greater the likelihood that tension will build. Citizen concerns about human rights, the imbalance of trade, the outsourcing of jobs, the piracy of intellectual property, and currency manipulation are real. Tension is palpable.
- Evidence of increasing antagonism between countries in the region, the causes of which have little to do with the United States. For a variety of reasons, it would appear that great power rivalry is on the rise in Northeast Asia, with its attendant potential to create uncertainty and foster regional instability. Attentive American concern, robust engagement, and steady leadership are vital if peace and prosperity are to be preserved in this historic cockpit of geopolitical conflict.
- The transformation of America's strategic alliances. Our treaty-based alliances with Japan and South Korea have long been integral to American policy toward Northeast Asia. The U.S. is now in the process of adapting its military forces worldwide, a development which has large implications for the entire Asia-Pacific region. From a Congressional perspective, it should be understood that these adjustments will enhance U.S. strategic capabilities; that our

commitments will remain steadfast and our alliances unquestioned as the process of defense transformation moves forward.

Before turning to our witnesses, I would like to return to the issue of North Korea. There are few parallels in history in which the U.S. has found itself with a less appealing menu of options than with North Korea. Pyongyang's nuclear program and its potential export of weapons of mass destruction have profound implications for regional stability, the international nonproliferation regime, and terrorist threats to the United States.

In this context, the U.S. should recognize that while the six-party framework makes eminently good sense, there is nothing theological about negotiating methodology. Just as we have bilateral discussions within a six-party framework, we can have informal or formal bilateral discussions in other frameworks. Likewise, given the lack of substantive progress, the question of whether supplementary or alternative approaches should be considered must be put on the table. At a minimum, we should be prepared to discuss all issues with the DPRK without precondition in the context of the six-party process.

Whatever the framework, any reasonable prospect of success for a negotiating process will require the active support of other parties, at least two of whom (South Korea and Japan) are also robust democracies. America must thus be mindful that there are public sensibilities in the region and, despite the invectives of the North, restrain from rhetorical excesses which, no matter how valid, may provide unnecessary fodder for distraction, delay, or evasion by North Korea. Realistic diplomacy demands an emphasis be placed on issues, rather than name calling of leaders or countries.

There is simply no credible alternative to attentive engagement with the North. It is entirely conceivable that North Korea is determined to strengthen its military hand with a nuclear weapons capacity. But as untrustworthy as the regime is, it is nevertheless in our interest to use the next round of six-party talks, whenever it may occur, to offer a clearer vision of the advantages that may accrue to Pyongyang if it abandons its march toward nuclearization.

The challenge for all of us is to develop a basis for rational discourse and rational compromise. Here it would appear self-evident that in exchange for North Korea's denuclearization and relaxation of controls on its own citizens, the U.S. should be prepared to take steps toward normalizing relations with North Korea and facilitating its participation in the broader international community. But the exact opposite could easily occur if North Korea continues to move increasingly in a nuclear direction. In that case, the question will become not only how other parties look at the issues, but how much they may be willing to press North Korea in convincing ways to change its policies.

It is often noted that China has been helpful in advancing a six-party framework for discussions. But there is a growing assessment in Washington that, as helpful as China has been, in a profound sense it has not been nearly helpful enough. As the nuclear showdown with North Korea grows more acute, there could well be an American backlash against China if the P.R.C. is perceived as refusing to modify its role as North Korea's indispensable benefactor. This combination of developments would have ironic elements insofar as China shares a powerful vested interest against the proliferation of weapons of mass destruction in the region, and is itself being put down by the North Koreans in Chinese-led efforts to advance six-party diplomacy. But in the absence of substantive progress on the North Korean front, ramifications could be large not only for U.S. policy on the Korean Peninsula, but for U.S.-China relations in general.

Good policy demands good timing, and the judgment call of the day on the Korean Peninsula is the question of time. Whose side is it on? With each passing month, North Korea increases its nuclear weapons capacities. As a consequence, the odds may have increased that Pyongyang could export nuclear weapons or fissile material to foreign governments, shadowy middlemen, or even terrorists. On the other hand, the history of the 20th century has shown that governments which lack democratic legitimacy and fail to give their people the opportunity for a decent life are vulnerable to rapid internal implosion. Military might is simply no substitute for societal attention to human concerns.

There are different judgment calls for all governments at all times. The truly strategic choices that have to be confronted in the region need to be made in Pyongyang. This does not mean that decisions and attitudinal approaches in Seoul are inconsequential, or that policy choices for Beijing, Tokyo, and Washington are not critical. But it bears continuous recollection that the party that threatens stability in Northeast Asia is North Korea. The other five parties to the six-party process must take

care not to fault each other for the dilemmas created by Pyongyang's singular intransigence.

In conclusion, permit me to speculate about what may be the most unlikely of possibilities. We should not underestimate—indeed we should publicly trumpet—the fact that Pyongyang has the power to effect historic changes that would dramatically benefit North Korea's stature in the world and the welfare of its people. A credible change in strategic direction away from isolation, repression, and nuclearization would put the DPRK's international footing on a basis of amity and cooperation, with prosperity in close reach. One of our many tasks in the weeks ahead is to make that previously unthinkable possibility easier for the North Korean leadership to imagine.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

And I want to thank you for holding this hearing. I also would like to offer my personal welcome to our distinguished witnesses this morning, Secretary Hill and Secretary Lawless.

Mr. Chairman, Northeast Asia remains a central component of the United States foreign and strategic policy even as other concerns such as global terrorism and conflict in the Middle East capture the predominant interest of the American policy makers.

North Korea is on the verge of nuclear buildup. Relations between China and Taiwan, if mismanaged, could precipitate a conflict that would involve the United States. China is far too big and too powerful to be ignored and is casting an increasingly large geopolitical shadow over the region and even throughout the world.

While the United States-Japan relations are closer than at any time in recent memory, the Government of Japan has found itself embroiled in historic legacy and territorial disputes that threaten its aspirations of global leadership.

Meanwhile, relations with our South Korean allies, the Republic of Korea, have been complicated by different perspectives of the North Korea challenge, the realignment of United States bases in the south and efforts by the leadership in Seoul to project an increasingly independent foreign policy. Whether or not Washington will be able to redefine a more sustainable relationship with the region remains to be seen.

And of particular importance is President Bush's Administration's decision to embark on a major redefinition of United States military strategies in Asia intent to reduce potential vulnerabilities of United States forces while enhancing the capacity to project American military power for new threats in unanticipated contingencies.

I just received word, Mr. Chairman, that there is currently a pending Defense Authorization Provision in legislation to allow high-level military exchanges between Taiwan and the United States. And the leaders of the People's Republic of China, of course, object strenuously to this development on the part of the Congress, and I would be very curious in comments from Secretary Hill and Secretary Lawless in this most recent development.

I look forward to hearing from our witnesses. It is obvious what implications these issues hold, for the future of United States foreign policy toward Northeast Asia is a matter we must address. Therefore, I look forward to our witnesses, as I said earlier, to hear their remarks.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Faleomavaega follows:]

PREPARED STATEMENT OF THE HONORABLE ENI F.H. FALEOMAVAEGA, A
REPRESENTATIVE IN CONGRESS FROM AMERICAN SAMOA

Mr. Chairman:

I thank you for holding this hearing and I welcome our witnesses. Northeast Asia remains a central component of United States foreign and strategic policy even as other concerns such as global terrorism and conflict in the Middle East capture the predominant interest of American policymakers.

North Korea is on the verge of nuclear build-up. Relations between China and Taiwan, if mismanaged could precipitate a conflict that would involve the United States. China is far too big and powerful to be ignored and is casting an increasingly large geopolitical shadow over the region and beyond.

While U.S.-Japan relations are closer than at any time in recent memory, Tokyo has found itself embroiled in historical legacy and territorial disputes that threaten its aspirations of global leadership. Meanwhile, relations with our South Korean allies (ROK) have been complicated by differing perspectives on the North Korean challenge, the realignment of U.S. bases in the South, and efforts by the leadership in Seoul to project an increasingly independent foreign policy.

Whether or not Washington will be able to redefine a more sustainable relationship with the region remains to be seen and of particular importance is the Bush's administration decision to embark on a major redefinition of United States military strategies in Asia intended to reduce potential vulnerabilities of U.S. forces while enhancing the capacity to project American military power for new threats and unanticipated contingencies.

What implications this decision holds for the future policy of the U.S. toward Northeast Asia is a matter we must address and therefore I look forward to what our witnesses have to say about U.S. interests in Northeast Asia.

Mr. LEACH. Thank you, Mr. Faleomavaega.

Mr. Chabot.

Mr. CHABOT. Thank you, Mr. Chairman. Thank you for holding this hearing. I will be very brief in my remarks.

As one of the co-Chairmen of the Congressional Taiwan Caucus, I am particularly interested in the important relationship between Taiwan and the PRC and what that means to the United States.

It seems at a time when that relationship was improving and cross-strait relations, flights, for example, were improving, unfortunately, the PRC then passes this antisuccession legislation, which was clearly a step in the wrong direction. I was also very disappointed to see, once again, the PRC block Taiwan's observer status in the World Health Organization, which is, I think, very counterproductive. The PRC has really not exercised the leadership that a country of its importance should have exercised relative to North Korea, when you have such a dangerous situation there, and the only country that really has the ability to act in a leadership role is China. And thus far, they have been unable or unwilling to do that, and that is very disappointing.

And relative to Taiwan, I think it is critical that Taiwan move forward with modernizing its defenses. It is unfortunate that process has dragged on for such a long time, and I would encourage Taiwan to do that because the stronger it is, the less likelihood that we will see a confrontation somewhere down the road. And unfortunately, they have been unable to get their act together to move forward with that package, and I would encourage them to do so. It is particularly important, considering the 600-plus missiles that are aimed at Taiwan across the Taiwan Strait. So I look forward to hearing the witnesses' testimony this morning.

I might note that I have got about four hearings going on at the same time, so in any of the testimony I might miss, I will certainly

review it after the fact. So I thank you for holding this hearing, Mr. Chairman.

Mr. LEACH. Thank you very much.

At this point, we will turn first to Secretary Hill, welcome. And we appreciate your attendance. Please proceed as you see fit. And without objection, both your and Secretary Lawless' statements will be placed in the record.

STATEMENT OF THE HONORABLE CHRISTOPHER HILL, ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. HILL. Thank you very much.

I would like to read a summary of my statement, if I could.

Mr. Chairman, Members of the Subcommittee on Asia and the Pacific, it is a great pleasure to testify today on the subject of Northeast Asia, a region of truly vital concern to the United States. It is a region undergoing enormous changes that require our active engagement, and how we manage our relationships and confront those challenges could affect our interests for generations to come.

The region has seen some of the past century's fiercest battles. It includes areas of great potential danger to our interests, especially North Korea, but also in the Taiwan Straits. It includes two of our most important treaty allies, Japan and Korea, whose increasing participation in regional and global endeavors contributes to peace and prosperity. And of course, it includes China, one of the world's rising powers.

The region is home to about one-quarter of the Earth's population. U.S. trade with the region totals about half a trillion dollars a year, over one-fifth of our total trade, and it is growing rapidly. China, Japan and South Korea are perennially among our top seven trading partners. And, clearly, Northeast Asia is and will remain of vital importance to the United States.

Let me discuss some of the challenges that we now face in the region, and let me start with North Korea. First and foremost, one country in the region, North Korea, lives in self-imposed isolation and for decades has pursued nuclear ambitions even as its own people have gone hungry. In addition, the North Korean regime has ignored international standards of human rights in its treatment of its own people. Ambassador DeTrani met with you recently to discuss this issue, so I will focus on other topics in my remarks, but I would be happy to go into this issue more afterwards, if you so wish.

Moving to South Korea, let me note the recent tensions between that country and Japan. In addition to being key alliance partners of the United States, both nations participate in the Six-Party process aimed at resolving the North Korean issue. As neighbors, they have differences that surface occasionally. These problems have been covered extensively in the press. They include competing territorial claims, the legacy of history, and economic and trade disputes. Recent high-level meetings show that these two neighbors are working on resolving their differences, and we are hopeful that this occurs quickly.

Japan also has tensions with China. Recent controversies over Japan's wartime legacy, the Senkaku Islands, East China Sea en-

ergy exploration, China's policy toward Taiwan, and China's public opposition to Japan's bid for a permanent seat on the U.N. Security Council have chilled the relationship. Healthy relations are essential to stability and prosperity in East Asia, and we encourage engagement on a full range of issues.

With this complex tapestry of crosscutting issues and interests as a backdrop, I would like to give you an idea of where we are going in our relationship with the countries of the region. In this regard, Secretary of State Rice articulated the goals that shape our policy toward these countries—security, opportunity and freedom—during her March visit to the region.

One of the key challenges before us is how to adapt to China's emergence as a regional and global power. We have today a relationship that lets us communicate often to address common challenges, and China has responded in ways we believe show it understands that it has to do more and become a more responsible regional and global actor. We have differences with China on a variety of issues, including human rights, Tibet, nonproliferation, Taiwan, Hong Kong and some aspects of trade and finance, among others, and for our part, we recognize the importance of handling these issues sensitively but in a way that is consistent with our values and our national interests.

China's WTO accession in 2001 and its implementation of its commitment have generally created more opportunities for many United States firms and exporters. Nevertheless, problems abound in a variety of areas, from IPR and distribution rights to non-tariff barriers in agriculture and the surge in textiles with the lifting of the Agreement on Textiles and Clothing.

The United States trade deficit with China is our largest bilateral trade deficit worldwide. We look to China to fully and effectively implement all of its WTO commitments, and to take action on key trade and economic concerns, including its exchange rate.

High on our list of priorities is the continuation of our successful effort to continue to strengthen our ties with Japan and South Korea. This Administration came to office with a vision for advancing our relations with Japan. We have continued to expand and deepen our alliance since then. Japan has long been the world's second largest contributor to the United Nations and to foreign aid. It deserves and it should have a larger say in world affairs. The United States strongly supports a permanent seat for Japan on the U.N. Security Council.

Some disagreements, however, are natural in a relationship this broad and this deep, and they include Japan's ban on the import of American beef products. The time has come to resolve this problem. American beef is clearly safe, and global scientific standards need to be respected, including in Japan.

Prominent among the policy successes of the last 4 years has been the consolidation of our partnership with South Korea. Our relationship is moving beyond its original security rationale that was started in the 1950s as that nation begins to play a global political role commensurate with its economic status. We are reviewing possible ways to enhance our economic relationship, including exploring negotiations of a free trade agreement. Here, too, we must resolve the ban on beef product imports.

We continue to seek a peaceful diplomatic solution to the program of North Korea's self-imposed isolation manifested in its programs to obtain nuclear weapons. The President has said we do not plan to attack or invade North Korea. Secretary Rice has said that it is a statement of fact that North Korea is a sovereign state, and we deal with it as such in the Six-Party Talks. During the Six-Party plenary and working group meetings, the United States meets directly with all the parties, including the DPRK.

In June 2004, we tabled a comprehensive and substantial proposal in the last round of Six-Party Talks. North Korea has so far refused to come back to the table, and has cited a variety of pretexts. And as we have repeatedly made clear to the DPRK, the Six-Party Talks are the best way to move forward to address the concerns of the international community about North Korea's nuclear program and to end its international isolation.

To achieve full integration in the region and to wholly transform the relationship with the United States, North Korea must also change its behavior on human rights. It needs to address the issues underlying its appearance on the U.S. list of state-sponsored terrorism. It needs to eliminate all its weapons of mass destruction programs and missile proliferation and adopt a less provocative conventional force disposition.

Finally, I would be remiss if I did not highlight our growing relationship with Mongolia. Mongolia has been a steadfast partner in the global war on terror, including participation in Iraq and Afghanistan. It has embraced democratic and free-market values. I am pleased to note the election of the former Prime Minister and Speaker of the Parliament as President of Mongolia on May 22nd, the fourth such election in the country's 16-year democratic experiment. We look forward to working with him during his term in office.

Let me conclude with this thought: Northeast Asia is vital to the interests of the United States, not only in the Asia-Pacific context, but also globally. Japan and South Korea are established economic powers, and China is playing a larger role on the global, political and economic stage. And the drama of the situation in North Korea has captured the attention of the world. We must dedicate our time and resources to maintaining and improving our relations with the countries in the region, supporting positive relations among them as we seek to enhance stability and increase prosperity and liberty.

One thing I can assure you, we are ready to face these challenges and to seek opportunities to influence the direction of the region for the better for our interests. Thank you very much.

[The prepared statement of Mr. Hill follows:]

PREPARED STATEMENT OF THE HONORABLE CHRISTOPHER HILL, ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. Chairman, members of the Subcommittee on Asia and the Pacific, it is a great pleasure to testify today on the subject of North East Asia, a region of vital concern to the United States. It is a region undergoing enormous changes that require our active engagement. How we manage our relationships there and how we confront the challenges there could affect our interests for generations to come.

Let me review briefly why North East Asia is so vital to us. The region has seen some of the past century's fiercest battles and still includes areas of great potential dangers to the interests of the United States and its allies—including North Korea

and the Taiwan straits. It includes two of our most important treaty allies—Japan and Korea—whose increasing participation in regional and global endeavors contributes to regional and global peace and prosperity. It also includes China, one of the world's rising powers. How we move forward in our relationship with China has important implications for U.S. interests.

The region is home to about one-quarter of the Earth's population. U.S. trade with the region totals about half a trillion dollars a year, accounting for over one-fifth of our total trade, and is growing at a rapid clip. The region supports millions of American jobs in all sectors of our economy. China, Japan, and South Korea are perennially among our top seven trading partners, with China and Japan ranking third and fourth after our North American neighbors, Canada and Mexico. Indeed, our trade with China accounts for nearly the same volume of trade as we have with Mexico, and we now import more from China than we do from Mexico. These critical security, political, and economic ties with North East Asia make it clear that the region is and will remain of vital importance to the United States.

CHALLENGES

Now let me discuss some of the challenges we face in the region.

North Korea

First and foremost, one country in the region—North Korea—lives in self-imposed isolation and for decades has pursued nuclear ambitions even as its own people have gone hungry. In addition, the North Korean regime has ignored international standards of human rights in its treatment of its own people. Ambassador Joseph DeTrani recently met with you to discuss our concerns over human rights and refugees, and our efforts, working closely with other concerned nations, to implement the North Korean Human Rights Act.

The China-Japan relationship

Unresolved tensions between China and Japan—exacerbated by diverging political perspectives as well as differing military and economic priorities—reemerge from time to time, causing disruptions in the development of a relationship that is of great importance to the region. As we witnessed recently, popular grievances about Japan's wartime legacy—and Japan's attitude toward that legacy—periodically erupt in China, most recently over changes to Japanese history textbooks that provoked anti-Japanese violence. While Japan and China are more integrated than ever on the trade front, recent controversies over the Senkaku Islands, East China Sea energy exploration, China's posture toward Taiwan, and China's public opposition to Japan's bid for a permanent seat on the UN Security Council have chilled the relationship. The recent violent demonstrations in China against Japanese diplomatic and business facilities only serve to prolong ill will among neighbors. Disputes between them should be resolved through peaceful dialogue and discussion.

For its part, Japan is clearly focused on coming to terms with the growth of China's economic and political influence in the region and the unanswered questions surrounding the direction of China's political evolution. At issue as well is China's military modernization, differing interpretations of maritime economic zones, and Chinese incursions into territorial waters—all of which Japan worries about in the context of its own ability to exert influence in the region and globally.

Healthy China-Japan relations are essential to stability and prosperity in East Asia. The two nations have many common interests, and we encourage stable relations between them and engagement on a full range of issues. Recent senior government discussions between them were useful, but regrettably, a much-anticipated meeting between Prime Minister Koizumi and Vice Premier Wu Yi did not take place last week. We support high-level dialogue between the two countries to work through all concerns.

The Republic of Korea-Japan relationship

In addition to being key alliance partners of the United States, Japan and the Republic of Korea are key partners in the Six-Party process aimed at resolving the North Korea issue. We consult closely and frequently with them both, bilaterally and trilaterally. I've made two trips to the region since becoming Assistant Secretary, and my Korean and Japanese counterparts have called on me here. These ongoing conversations are essential as we look at the future of the Six-Party process and of the region.

Neighbors here and abroad disagree on a variety of issues, and the countries in North East Asia are no exception. These problems have been covered extensively in the press: competing territorial claims, the legacy of history, and economic and trade disputes. ROK Foreign Minister Ban's meeting with Japanese Foreign Minister

Machimura in Kyoto in early May showed that these two neighbors are working on resolving their differences. We have urged our two allies and friends to continue to do so and not to allow their differences to escalate. My own belief is that our democratic allies have both the will and the ability to resolve their disputes. But I can assure you, our consultations as part of the Six-Party process and our broader coordination on strategic issues are not affected by these types of controversies, and our cooperation remains strong.

AGAINST THIS BACKDROP, U.S. POLICY

With this complex tapestry of crosscutting issues and interests as a backdrop, I would like to give you an idea of where we are going in our relationships with the countries of the region.

Secretary of State Rice, during her March visit to the region, articulated the goals of our policy toward the region: security, opportunity, freedom. She told an audience in Japan that these goals are linked: "Security shelters the prosperity that opportunity brings; security and prosperity, in turn, allow human creativity to flourish—but human creativity can only flourish fully in freedom." These three goals shape our policies toward the countries of North East Asia.

RELATIONS WITH CHINA

One of the key challenges before us—and especially before the nations of the Asia-Pacific—is how to adapt to China's emergence as a regional and global power. As Secretary of State Rice said in a March 19 speech in Tokyo, the US, "welcomes the rise of a confident, peaceful and prosperous China . . . [and wants] China as a global partner, able and willing to match its growing capabilities to its international responsibilities."

We have today a relationship that lets us communicate often—in remarkably candid and direct fashion, when necessary—and to address common challenges—regional and global, economic and political. China has responded in ways that we believe show it understands that it has to do more and become a more responsible regional and global actor. We do have differences with China on a variety of issues, including human rights, non-proliferation, Taiwan, and some aspects of trade and finance, among others. For our part we recognize the importance of handling these issues sensitively but in a way that is consistent with our values and national interests. Let me say again that we intend for our relationship with China to be based on a realistic but positive appraisal of our common interests and the exploration of differences through dialogue, but we will be vigilant in the defense of our interests and those of our friends and allies.

China's WTO accession in 2001 and its implementation of its commitments have generally created more opportunities for many U.S. firms and exporters. U.S. exports to China have grown by 80% since accession, with total global U.S. exports growing just 11% during that same time. Nonetheless, problems abound in a variety of areas, from lax enforcement of intellectual property rights and limitations on distribution rights to non-tariff barriers in agriculture and a dramatic surge in textiles with the lifting of the Agreement in Textiles and Clothing. The U.S. trade deficit with China was at \$162 billion in 2004 and, showing no sign of decreasing in 2005, is our largest bilateral trade deficit worldwide. We look to China to fully and effectively implement all of its WTO commitments and to take action on key trade and economic concerns—including its exchange rate—to further open its market and level the playing field. We are determined to see change and have told that to the highest levels in China. Dialogue is not a substitute for action, fair trade, and market opening. A number of these issues will be discussed at the Joint Commission on Commerce and Trade this summer.

China's leaders say they do not want economic and trade frictions to spill over into other aspects of our growing relationship and my expectation is that can only be the case if we hold fast to our insistence on market opening that will be beneficial to all parties.

China's economic growth and reform have led to expanded personal freedom for China's citizens: travel, employment opportunity, job and housing choices, and access to information. In recent years, China has also passed new criminal and civil laws that provide additional safeguards to citizens, though enforcement of the laws remains inconsistent. Village elections have been carried out in approximately 80% of China's one million villages.

However, the human rights and religious freedom situation in China overall remains poor, as we have documented in our annual Human Rights Report and Report on Religious Freedoms. The Administration—the President and the Secretary among others—has made increasing respect for international human rights, indi-

vidual civil liberties, and religious freedom in China a top priority. We are concerned about the situation in Tibetan regions and urge talks between China and the Dalai Lama. We raise human rights concerns and specific cases with PRC officials on a regular basis, at all levels, here in Washington, in China, and elsewhere, and will continue to do so.

As recently as her March trip to the region, the Secretary discussed the possibilities for increased popular participation in the political process and the extension of personal freedoms for Chinese citizens. She noted how essential openness is to the success of countries in the 21st century. Openness, she said, is the vanguard of success and some form of open, genuinely representative government in China is necessary if it is “to reap the benefits and meet the challenges of a globalizing world.” We are also committed to promoting the rule of law and good governance in China. Last year we programmed \$13.5 million to advance these goals.

We think it will be important to continue this engagement and to press for concrete, structural reform that will lead to an improvement in the human rights situation on the ground, and will seek all appropriate mechanisms to further these goals.

STRENGTHENING OF TIES WITH JAPAN AND KOREA

High on our list of priorities is the continuation of our successful efforts to strengthen our ties with Japan and South Korea.

JAPAN

This Administration came to office with a vision for advancing our relations with Japan toward a fuller, more global partnership. We have continued to expand and deepen our alliance since then through our joint work on reconstruction in Afghanistan and Iraq—including Japan’s unprecedented deployment of Self-Defense Forces to southern Iraq; coordination and cooperation on tsunami relief; and in deepening our bilateral strategic dialogue, including on overseas development assistance. Japan has long been the world’s second-largest contributor to the UN and to foreign aid. It deserves, and should have, a larger say in world affairs.

Relations between the U.S. and Japan have never been better. We look to Japan as a bulwark of democracy and free markets globally; Japan looks to us as a friend that can be counted on as a force for good in the world. Reflecting the strength and importance of our relationship, Secretary Rice and Foreign Minister Machimura have launched a ministerial-level Strategic Dialogue, which will be expanded to include Australia. Strengthening such coordination is especially important as we transform our global force posture to secure the prosperity of the world’s most dynamic region.

With each passing year we are finding more ways to have a positive impact on the world by acting in concert with Japan. Whether it is helping the victims of disasters, like the Indian Ocean tsunami, rebuilding Afghanistan and Iraq, or countering terrorism and proliferation, we find our common interests taking us toward common goals. In recognition of its leadership in all these areas, the United States strongly supports a permanent seat for Japan on the United Nations Security Council.

Some disagreements, however, are natural in a relationship this broad and this deep. Currently, we have a significant issue with Japan’s ban on imports of American beef products. The time has come to resolve this problem. The United States has some of the highest safety standards, including food safety standards, in the world. American beef clearly is safe, and global scientific standards need to be respected.

REPUBLIC OF KOREA

Prominent among the policy successes of the last four years has been the consolidation of our partnership with the Republic of Korea. We share a vision: of democracy, free markets, and a Korea that ultimately becomes whole, free, and at peace. In the past year alone, we have reached agreement to return Yongsan Base, located in the center of Seoul, to the South Korean people. We have begun reducing our troop presence and handing off some tasks formerly performed by U.S. soldiers to their Korean counterparts. Our relationship with South Korea is moving beyond its original security rationale as the nation begins to play a global political role commensurate with its economic stature. In the course of 2004, South Korea became the third-largest troop contributing state to international operations in Iraq. By encouraging appreciation among ROK reformers and younger policymakers of our shared interests, we have grounded more firmly the future of our partnership with a strategic ally. Meanwhile, we are reviewing possible ways to enhance our eco-

conomic relationship. As with Japan, one of our highest priorities is for South Korea to reopen its market to American beef.

Today, Korean and American forces are serving together to ensure a promising future for Iraq and Afghanistan. The Republic of Korea was one of the early contributors to Operation Iraqi Freedom, and now has approximately 3,200 troops in country, making it the third-largest coalition partner in Iraq. Prior to the Madrid Donors Conference, the Korean Government had committed \$60 million in humanitarian assistance for Iraq and pledged an additional \$200 million in reconstruction assistance through 2007, of which \$55.5 million has been disbursed. The Iraqi people and the United States are grateful for Korea's contributions to build a new and free Iraq. The people of Afghanistan also greatly appreciate Korea's willingness to contribute personnel and assistance to rebuild that country.

DEALING WITH NORTH KOREA

We continue to seek a peaceful, diplomatic solution to the problem of North Korea's self-imposed isolation, manifested in its programs to obtain nuclear weapons, and consider that the Six-Party Talks offer the best means for resolving this issue. The President has said we do not intend to attack or invade North Korea. Secretary Rice has said it is simply a statement of fact that North Korea is a sovereign state, and we deal with it as such in the Six-Party Talks. As we have testified to the Congress on a number of occasions, during Six-Party plenary and working group meetings the U.S. meets directly with all of the parties, including the DPRK. We have made clear that this practice will continue when the talks resume; there would be opportunity for me to meet directly with my DPRK counterpart, to discuss issues of concern.

We tabled a comprehensive and substantive proposal at the last round of Six-Party Talks, in June 2004. Under that proposal, the DPRK would, as a first step, commit to dismantle all of its nuclear programs in a permanent, thorough, transparent and effectively verifiable manner.

The parties would then reach agreement on a detailed implementation plan requiring, at a minimum, supervised disabling, dismantlement and elimination of all nuclear-related facilities and materials; removal of all nuclear weapons and weapons components, centrifuge and other nuclear parts, fissile material and fuel rods; and a long-term monitoring program.

At the last round of Talks, all parties agreed to meet again by the end of September 2004, and while five of the parties have repeatedly indicated they want the talks to resume as soon as possible, the North Koreans have so far refused to come back to the table, citing a variety of pretexts. As we have repeatedly made clear to the North, the Six-Party Talks are the best way forward for North Korea to address the concerns of the international community about its nuclear program and to end its international isolation. Our proposal remains on the table, and we are prepared to discuss it in detail at the next round of talks. If North Korea ultimately refuses to return to the talks, we will consult closely with our allies in the region on other options.

Our hope is that North Korea will, through the Six-Party process, come to the strategic decision to dismantle its nuclear programs verifiably and irreversibly and normalize its relations with the international community. As Secretary Rice has said, "The world has given North Korea a way out, and we hope they will take that way out." Resolving the nuclear issue can open the door to improved relations with the U.S. North Korea needs to understand that it is increasingly an isolated, out-of-step country that is a threat to peace and prosperity in a region where most of the trends are going in the opposite direction, that is, to greater regional cooperation; openness to transnational flows of goods, capital, people, technology and investment; and integration with the world.

Of course, to achieve full integration into the region and a wholly transformed relationship with the United States, North Korea must take other steps in addition to giving up its nuclear ambitions. It also needs to change its behavior on human rights, address the issues underlying its appearance on the U.S. list of states sponsoring terrorism, eliminate its illegal weapons of mass destruction programs, put an end to the proliferation of missiles and missile-related technology, and adopt a less provocative conventional force disposition.

RESTRUCTURING OF OUR GLOBAL DEFENSE POSTURE

Changes in our relations with major Asian allies reflect the priorities of our Global Defense Posture Review, which aims to improve our and others' reactions to emerging threats while we maintain the ability to address traditional ones. We are taking advantage of advances in technology that have multiplied the combat power

of our individual soldiers to reduce our military footprint in Asia. At the same time, we are using our increased mobility to guarantee that we will be present when needed to help our friends and allies.

MULTILATERAL ENGAGEMENT

Regional arrangements further hold the promise of increasing North East Asia's influence on the world stage. The U.S. has been deeply involved with countries of the region in the multilateral context of APEC and the ASEAN Regional Forum and as an increasingly active partner with ASEAN. We are working to bolster those organizations' effectiveness.

STRENGTHENING OF RELATIONSHIP WITH MONGOLIA

I would be remiss if I did not highlight our growing relationship with Mongolia. In July 2004, when President Bagabandi met with President Bush in Washington, they "declared a new era of cooperation and comprehensive partnership . . . based on shared values and common strategic interests." Mongolia has been a steadfast partner in the Global War on Terror. Mongolia has contributed four rotations of troops to Operation Iraqi Freedom and also participates in Operation Enduring Freedom in Afghanistan. Our military assistance programs are helping Mongolia secure its borders against transnational crime and terrorism, train for international peacekeeping operations, and build a cadre of pro-U.S. reformers in the most critical leadership positions in the armed forces.

Mongolia has embraced democratic and free-market values. On the former, I am pleased to take note of the election of former Prime Minister and Speaker of the Parliament Enkhbayar as President of Mongolia May 22. This was the fourth election for President in the country's 16-year democratic experiment, and we look forward to working with Mr. Enkhbayar during his term of office. Our economic assistance funds are helping Mongolia reduce poverty and create sustainable, market-led economic growth by encouraging further privatization and improved conditions for foreign investment, and building more transparent, democratic institutions that address corruption and expand the role of civil society. In recognition of Mongolia's strong performance in the areas of ruling justly, investing in their people, and supporting economic freedom, the Millennium Challenge Corporation has made Mongolia one of only 17 countries currently eligible for its development funding program.

Mongolia has also been active in North East Asia Security forums like the ASEAN Regional Forum (ARF), Council for Security Cooperation in Asia Pacific (CSCAP), and Shanghai Cooperation Organization, where they are observers. Mongolia has fostered constructive dialogue on difficult issues in the ARF Intersessional Group and will host a meeting on "Changing Security Perceptions" in June to enhance confidence-building measures in the region.

CONCLUSION

Let me conclude with this thought: the importance of United States involvement with North East Asia cannot be overstated. North East Asia is vital to the interests of the United States not only in the Asia-Pacific context, but globally. And the United States continues to play a vital role in helping the countries of the region to continue and enhance their success. Japan and South Korea are established economic powers; China is playing a larger role on the global political and economic stage; and the drama of the situation in North Korea has captured the attention of the world. We must dedicate our time and resources to maintaining and improving our relations with the countries of the region, and supporting positive relations among them, as we seek to enhance stability and increase prosperity and liberty. One thing I can assure you—we are ready to face these challenges and to seek opportunities to influence the direction of the region for the better.

Mr. LEACH. Thank you for that thoughtful presentation.
Secretary Lawless.

STATEMENT OF MR. RICHARD P. LAWLESS, DEPUTY UNDER SECRETARY FOR ASIAN AND PACIFIC AFFAIRS, BUREAU OF INTERNATIONAL SECURITY AFFAIRS, U.S. DEPARTMENT OF DEFENSE

Secretary LAWLESS. Mr. Chairman, Members of the Subcommittee on Asia and the Pacific, I also, with Ambassador Hill,

welcome the opportunity to be here with you today and to discuss issues in Northeast Asia.

I am the Deputy Under Secretary of Defense for Asia and Pacific Affairs and, as such, am responsible for managing, from the structure of the DoD policy, the security relationships we have in Northeast Asia. As such, I serve as the senior advisor to the Secretary of Defense, as he assists the President in overall policy toward the region.

Chris Hill, I believe, has very well articulated U.S. policy with regard to that critical region. I look forward to answering questions you may all have regarding that statement and the statement that I am about to make.

Before such questions, however, what I would like to do is emphasize a few of Chris Hill's points from a Department of Defense perspective. In so doing, I think I would be remiss if I did not note that, over the past several months, and very recently, in the past couple of weeks, we have had occasion to meet, myself and our Asia and Pacific Team, with your staff, and we found them to be great interlocutors. We think that we have provided them with a lot of information on our different relationships in Asia and how we are attempting to evolve them. We have also committed, I think, to come back and see them again in a couple of weeks when we believe we will have more to offer, in particular on a couple of relationships that we are in the process of negotiating. So we look forward to coming back and talking to them again.

Moving on to mention a couple of the relationships in particular, with regard to Japan, it has been mentioned that relations between the United States and Japan probably have never been better. That is an oft-repeated statement. We have heard the American Ambassador, former Ambassador Baker, make that comment quite frequently, but I absolutely believe it is true. Our security relationship in particular, I would say, is in excellent shape.

Assistant Secretary Hill mentioned that the Administration came to office with a vision for advancing our relations with Japan toward a fuller, more global partnership. We believe that, to that end, we are in the process of doing so. We are working with Japan to create common strategic objectives in a wide range of regional and global security issues.

As the list of common strategic objectives that were included in the 2-plus-2 joint statement illustrates—this is the 2-plus-2 security consultative meeting we had on the 19th of February here in Washington with Japan—our relationship is in the process of being transformed. It is transforming itself from its traditional regional focus to a focus that reflects more closely the global interests that we share with Japan. These common strategic objectives form the basis for a bilateral review of our complimentary roles, missions, capabilities, interoperability and force posture, both in Japan and in the region. The result, we hope, when we complete this process, will be an updated and truly transformed security relationship with Japan that both countries will see as clearly encompassing their respective visions of their national interests, respective national interests in the 21st century. We believe in turn this will ensure a more stable and enduring forward presence for the foreseeable future.

With regard to Korea, again, I would like to reiterate Secretary Hill's comments about our policy of success with the Republic of Korea. The last 2 years, we have worked very hard on this relationship, and through a deliberative, cooperative bilateral process embarked on with our ally, we have accomplished a great deal to strengthen the basis of our security posture and partnership.

Alliance management is a challenge. It is a challenge that we welcome given the relationship we have, the historical relationship we have with the Republic of Korea and the relationship we want to preserve and protect and carry into the future. We have come to agreement on the relocation of Yongsan Garrison as well as the entire Second Infantry Division to enduring facilities south of Seoul.

We have agreed to transfer 10 specific mission areas from the United States' responsibility to the responsibility of the Republic of Korea. That process is well underway as I speak. We have come to agreement on the redeployment of 12,500 American soldiers from Korea over the next few years. Again, that process at the 2-year point is well advanced. We have welcomed the deployment of the Republic of Korea forces to Iraq.

Any of these above-mentioned important policy decisions could have—and indeed have in the past—taken many years to accomplish, yet with the full cooperation of the Republic of Korea, we have accomplished all of this in a relatively short period of time. We are very proud of that record.

With regard to China, our military relations with China are improving under the principles of transparency, reciprocity and real benefit to the United States. However, we are watching carefully, and we cannot ignore the dangers inherent in China's current military build-up, especially as it affects the security of Taiwan. Relations between the People's Republic of China and Taiwan remain on an unpredictable trajectory. The possible use of force or coercion to resolve cross-strait differences remains a threat to regional stability, and these have global implications. China maintains that it seeks peaceful unification with Taiwan, and we welcome that. However, Beijing's refusal to renounce the use of force as an option and its military modernization do raise questions over its commitment to a peaceful resolution of this issue.

With regard to North Korea, I concur with Secretary Hill's assessment of where we are in the Six-Party Talks process, the emphasis that we have placed on that process, and the current United States goals and objectives for achieving the dismantlement of North Korea's nuclear programs. It is possible that by indefinitely suspending its participation in the talks and announcing that it is a nuclear weapons state, the DPRK is engaging in a period of discussion or a period to gain additional incentives to return to the negotiating table. At the same time, we are preparing ourselves for the possibility that the DPRK has made a strategic decision to abandon the talks. We certainly hope that is not the situation.

With regard to Mongolia, the security relationship between the United States and Mongolia has significantly grown over the past year. The Mongolian Armed Forces are in the process of transforming itself into an elite peacekeeping force, and we welcome that. Much of our assistance there has been targeted at working

with Mongolia to achieve that goal. We look forward to cooperating with Mongolia in the future. Thank you.

Mr. LEACH. Well, I thank both of you for that outstanding testimony, and I wanted to do two sidelights and then get into certain things.

First, Secretary Hill, you, very appropriately, evinced all of the political commentary on the issue of beef. That is not trivial. And I want to talk about democracy in foreign policy for a second.

We are a democracy, which means that we relate to our people. The strongest progressive element in American society and foreign policy is the American farmer and the American midwest. And when you have countries turn their back on the American farmer, you erode the basis for free trade in the American political environment.

It is extraordinary that Japan has blocked American beef while they expect us to accept Japanese products. The same is true of other countries in South Asia. It is an inexplicable nontariff trade barrier that is not of trivial import, and so I appreciate your comment on this.

Secondly, Secretary Lawless, the news of the last day is about a change in the American program on seeking remains of American soldiers lost in the Korean War that has been operating in North Korea, and the decision of the Department of Defense to bring back our small group of Americans. I would like you to take a minute to describe the program, why you made this decision. And let me just say, I am confident from the congressional perspective that the first concern is safety of our personnel, but please, if you would describe what has occurred.

Secretary LAWLESS. Yes, I would be happy to.

I think, while it is very difficult to ignore the overall context of the situation in North Korea that both Secretary Hill and myself have mentioned, and there is a context, the real issue here is force protection of American military personnel that we have put on the ground in North Korea.

The decision to not send in and to temporarily pause the activities of what is a multi-team sequential exercise in North Korea has to do principally with the issue of force protection and the issue of ensuring the safety of people on the ground. We have certain issues that we have to work out that we are not satisfied with under the current situation in North Korea. Many of them have to do with communications and the ability to communicate with our people in the field. These people are in very isolated positions in the field on these digs where they are participating in these recovery operations, and it is extremely difficult for them sometimes to be in proper communication.

In this situation, we just simply believe it would be prudent to temporarily suspend dispatch of the incoming teams while we can work out the appropriate procedures with the North Korean authorities.

Beyond that, I think you understand our concern is first and foremost—while we remain dedicated to the mission—our concern is first and foremost for the safety in this case of 28 people on the ground in North Korea.

Mr. LEACH. Well, I appreciate that very much. And I might say from an analogous perspective, Mr. Faleomavaega and I have asked the North Koreans for a visa to visit Pyongyang, and the government has declined our request. And it is a very sensitive issue that I would hope that they would reconsider, which brings me to a philosophical issue. That is, as we look at North Korea, there is a very profound question of time; whose side is time on? As this impasse goes on, North Korea develops a greater nuclear capacity. On the other hand, as this impasse goes on, North Korean stability may be eroded. And the history of the 20th century is that governments that don't pay attention to citizen concerns can be subject to rapid internal implosion. And so it seems that there is a credible basis for both sides to make steps toward more diplomacy. On the other hand, it takes two to tango, and it is awkward in a circumstance where one might prefer diplomacy if the other side does not choose to have a discourse. Now, in this regard, I am personally convinced the Six-Party framework is thoroughly appropriate and an excellent framework, but I am not convinced that it is the only framework. And I would like to ask Secretary Hill, for example, is there thinking that—would we be willing to meet with North Korea directly, whether it be in South Korea, whether it be in Mongolia, whether it be in Hawaii, whether it be in Pyongyang, or is this a principle that we cannot consider? Would you care to comment on that possibility?

Mr. HILL. Well, thank you, Mr. Chairman. First of all, I agree with you, it is a philosophical question, and a very practical one. That is, what is the time frame that we are looking at?

Clearly, diplomacy is a tool, not an end here, and what we have to do is achieve results. And I would say that we have to start achieving results soon. And I don't want to put a deadline on it, but, clearly, this can't go on forever. We are coming up on June 23rd, that was the date last year when we tabled a fairly comprehensive approach. And we didn't put that on the table and say this is a take-it-or-leave-it proposition, we put it on the table with the idea that the North Koreans would come back in the next round and respond to it. Presumably they might have liked some elements amplified. They might want to see what else is there. They might want to discuss sequencing of some of these things. We understand from various North Korean interlocutors and press statements that North Korea is interested in so-called actions for actions, words for words, actions for actions. Okay, we can look at the sequencing issues here. But the problem right now is we have an empty chair where they should be sitting.

Now the question is, we have this monumental issue of nuclear weapons, and then we have a question of format. We have a question of whether some things that have been said over the course of the months at various times somehow hurt their feelings. And so you have to wonder, given the smallness of some of those issues, whether one should meet with five other delegations in the room or only three other or two other, or whether some of these things that have been said need to be taken back or whatever, you have sort of these small issues. And then you look over at what you are really addressing, which is the future of this state. I mean, this is a very fundamental question, this issue of nuclear weapons.

So I think the problem is—when you stand back and look at some of these issues—whether we should be meeting bilaterally or trilaterally or whatever, and then look at how monumental the issue is. You have to ask yourself the question: Is this a serious approach from the North Koreans? Do they really, really believe that the question of whether they will meet us bilaterally or in some other way is the issue? Because we are talking about an issue that will profoundly affect their future, and yet here they are talking about whether we can meet before the convening of the Six-Party, right after the convening, whether we can meet in Beijing, whether we need to meet in New York or Mongolia; you have to ask yourself a question: Are they serious? And I can't answer that right now. Because if I were talking about dismantlement of a nuclear weapons program that I have been building for 20 years, I wouldn't be fussing around with a question of whether we are going to meet in Beijing or Mongolia or somewhere else. So I am kind of worried about that.

It is natural that when you can't move ahead on the overall substance of what you are dealing with, you look at format and process, but I think we need to keep our eye on the ball here. I think we need to make very clear to the North Koreans that they have got to come to the table and have got to deal with the issues at hand, and I think we should avoid getting sidetracked on these issues of format.

I will just say one other thing. We understood that there were some issues where the North Koreans wanted some gesture from us. Secretary Rice has, on several occasions, made such gestures, a number of us have made gestures. Indeed, recently we conveyed some of these points directly in a bilateral context with North Korean diplomats in New York to make sure there was no misunderstanding, and to establish the fact that if need be, we will talk to them bilaterally. But we are not going to talk to them bilaterally as a way to undermine the overall Six-Party process. This is not a United States-North Korean issue, this is an issue between North Korea and the world, as represented by those five other parties.

Mr. LEACH. Well, I appreciate that. And I just want to stress that as we suggest that the process is at issue, that we be clear that the United States is not the transigent party on process. And so you are suggesting that you have definitively conveyed to them that you are willing to meet with them bilaterally as well as multilaterally; is that correct?

Mr. HILL. We are prepared to meet with them bilaterally in terms of the context of the Six-Party process. That is, we don't want to disband the Six-Party process because it is a very important process, and by the way, it is a process that North Korea also agreed to. So we just don't want to abandon that.

But I take your point, Mr. Chairman, we need to—we cannot appear to be stubborn. We cannot appear to be rigid in a way that does not allow us to go after every opportunity to solve this problem. We need to be results-oriented. We need to keep our eye on the ball, which is solving this problem.

Mr. LEACH. I share, in large measure, what you are saying, but I am not sure I am exactly on what—it is not appearance alone. It is whether or not we are willing to directly deal with them as

well as multilaterally deal with them. And at the moment, I think you defined a policy that we are willing to deal with them bilaterally within a Six-Party framework, but not outside it. And that is a credible position. Whether it is a compelling position, I am not willing to convey because I think sometimes dramatic events can play a role, and dramatic events might take you outside of the Six-Party framework at times. And that doesn't mean one abandons the Six-Party framework, but one might go outside it, and it might be helpful.

At any point, I have many more questions, but I want to turn to Mr. Faleomavaega in regular order.

Mr. Faleomavaega.

Mr. HILL. But if I could, please, Mr. Chairman, I do want to make one point about how the Six-Party process is important, because when we get to the end of the day, and if we get an agreement—and by the way, I have not given up on the idea of getting an agreement, frankly, I think it makes a lot of sense for everybody, especially North Korea, which is why it is disturbing that they haven't come. But when we get to an agreement, we are going to need all of those participants to do something. There are going to be elements of energy policy that we need Japan and South Korea to be involved in. There are going to be aspects of economic assistance that Japan will be involved in. So there is a reason for why we have pulled this regional group together.

And with regard to bilateral context, we do need to keep our channels open so that we can be able to give our messages clearly and directly, and that is part of what the New York meeting was about.

Mr. LEACH. Well, I appreciate that very much. I think there is some irony that the United States is being criticized in the world for being allegedly somewhat unilateral in the Middle East and too multilateral in the Far East, but there is no reason not to have a combination, and that is to some degree what you are hinting at today.

Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Mr. Chairman, it is very interesting, now that you mention, in fact, I had it graphically stated in my notes here about multilateralism versus unilateralism. And right to the point in terms of our Middle Eastern policies being somewhat unilateral, and on the other side of the globe, we are advocating a multilateral approach in resolving the crisis that we are faced with in North Korea.

I recall an American Indian once saying, "Walk in a man's moccasins for 2 weeks before you start making judgments." And probably the most difficult part to know is that, if you were in the shoes of a North Korean, let's say you were the current dictator of North Korea, what would you consider to be the greatest fear? As a leader on the part of North Korea, in looking at the fact that it is not the Russians that are bothering them, not necessarily Japan, it is strictly between North Korea and South Korea, with United States forces present on that very borderline that we have been there now for 50 years.

And in my readings, Mr. Secretary—and correct me if I am wrong—the biggest fear that North Korea has is an attack by the

South Korean forces with the presence of the United States military capability. Secondly, the biggest fear that North Korea has is the likely presence of nuclear weapons in South Korea.

And so with all this—and it may sound too simplistic for some people to comprehend and understand, but would you be motivated to say, “By gosh, well, if there are nuclear weapons in South Korea with United States help, I think I better start building a nuclear weapon in order to create parity, so that I will have a sense of balance.” The same problem that the Pakistanis and the Indians have, the same reason that India is motivated to say, “Why should I be sitting on my backside knowing that China has a bomb and I don’t?” So if I were an Indian, I would be sleeping very uncomfortably knowing that China has a nuclear bomb and I don’t. And of course, this is the problem that we have with nonproliferation; it goes right back to this very issue.

And if I was a North Korean official, wouldn’t I be somewhat intimidated with the representatives of other countries and saying, “Are you ganging up on me? What have I done wrong? What? Can’t I just have what the United States really has, the muscle in this borderline that I have with South Korea? He is the one. The United States is the one that I want to talk to, not Russia, not China, not Japan.” So I am trying to get into the mindset of why North Korea has been very much in this kind of a pattern.

And it didn’t help when Secretary Rice, in her confirmation hearings, described North Korea as an outpost of tyranny. Now, I know some people don’t care much about rhetoric, but in some cultures, when you make statements like that, it is just as good as cutting a person’s hand or a leg off. But I think sometimes in our subculture here in the Western World, we don’t consider rhetoric as something very serious. And I really would appreciate, Secretary Hill, if you could help me with—these are just some of the thoughts that have come to me since listening to your testimony this morning.

Mr. HILL. Sir, I have been a professional diplomat essentially all of my professional life. Ever since I left the Peace Corps, I went into the diplomatic service. One of the first things you do as a professional diplomat is you try to understand what the other guy is thinking. You try to get in his shoes and figure out what are his concerns, you know, how do you look to him. That is what we do for a living. And I must say, doing that with North Korea is a full-time job. At times, it is very difficult to figure out what is going on in their minds.

You say their biggest fear would be the United States in South Korea. My sense is their biggest fear is they can’t keep this thing going that they have up in North Korea. I mean, a country should have a point, and I am sure they are thinking to themselves, “What are we doing here? Are we building socialism, for example? What is the purpose of our state?” And so I am sure they are grappling with issues like that.

And when I say they are dealing with issues like that, they are probably also dealing with a question, “Can we survive?” Or, “How do we survive?” And then when they look at all the problems they have that could impact their survival, food production, healthcare—their healthcare situation is simply terrible. Food supply, I mean, every year, it is a question of whether they will have enough food

distributed. These are fundamental issues that go right to the question of their survival. So if I were a North Korean, I would have those issues up front. In fact, I would have about a hundred of those issues, and then I would be asking myself the question: How will the development of nuclear weapons help me deal with those hundred issues?

Now, if I want to choose to be threatened, if they feel that somehow they are threatened and that, in conveying this to their public, that this is the way to get people not to think about the food, the healthcare, et cetera, but rather think that they are in some sort of state of siege, I can understand that as a sort of propaganda issue. But it is, frankly, not accurate. Our forces in South Korea are there to protect South Korea.

And by the way, they have done a phenomenal job of that. I mean, if you go back through the 50 years since the Korean War, it is extraordinary what has been built up in Korea. So that is what we are there for.

Mr. FALCOMA. There is no question as to what you are saying here, you know, dictators are dictators, whether you are Saddam Hussein or Noriega. I mean, they have those same temperaments in terms of they don't care about the people; we understand that.

Now, there seems to be some recent information here saying that we are not very happy—well, let me put it this way. A couple of months ago, parliamentarians from South Korea visited my office, and they asked what I thought about the current crises in North Korea. And I said, "You know what? You'd better go there and talk to your people. You should take the initiative because the people that end up dead are going to be both North Koreans and South Koreans in this crisis. And you should be able to resolve your own differences."

And now, I get the information that we are not very happy with South Korea's initiative to talk directly to their own people and see if they can resolve the situation with their own people, even though, politically, they are divided. But I hear recent information that we are not very happy with this new posture taken by the South Korean President saying, "We want to go talk to the North Koreans and maybe somehow break this rule."

Just as the Chairman has indicated earlier, while we support the current Six-Party Talk format, is this the only format that we should stick with? Why not allow South Korea that initiative to see if maybe they can break the impasse?

Mr. Secretary, I would like to hear from you.

Mr. HILL. Well, I appreciate the opportunity to inform you, sir, that we absolutely support the inter-Korean dialogue. And as you know, it was cut off about a year ago by the North Koreans because, well, it was unclear, but apparently, it was because they were upset that South Korea had accepted several hundred refugees from North Korea who were in Southeast Asia at the time, so they cut off the dialogue. It has now been restarted.

We think it is very important that the Korean people be allowed to carry on that dialogue, and we also support their effort to give humanitarian assistance because we have people in North Korea who are literally malnourished, and that is terrible not only for the

generation there now, but for future generations, and so I want to be clear about that.

And I also to want say that, within the Six-Party process, as we talk with our partners in that, we have excellent cooperation with the South Koreans. I am in touch with my South Korean counterpart virtually every day. Indeed, he is coming here next week for further discussions. Our Japanese counterpart is also coming here next week. I talked to my Chinese counterpart a couple of weeks ago, and last Sunday, I spoke with a Russian counterpart. We work with all our counterparts, but especially with the South Koreans because, for them, this is a very gut-wrenching issue that their peninsula—these are all the same people. And indeed, when I was across the table from North Koreans last week while I was in Laos, you could see they are Koreans. They are distinct people. So we have to be respectful of the fact that this is a terrible tragedy that left that peninsula divided.

Mr. FALEOMAVAEGA. I appreciate it, Mr. Secretary.

You also mentioned earlier about the problems of the shifting and the posturing that is going on in gaining membership with the Security Council, permanent membership in the Security Council. If I could understand the scenario, China fully supports India's bid to become a permanent member of the Security Council, but it does not support Japan to become a permanent member of the Security Council. But we support Japan, and I don't think we support Germany either. And I just wanted to know, does this have regional implications in terms of, obviously—how are we going to be able to—I only look at the fact that Germany and Japan are among the three top biggest economies in the world. It seems to me that with that kind of economic strength, that we should look at the fact that these two countries do contribute substantially to the world economy and its needs, and not give into this regional, obviously, reasons why China doesn't seem to support Japan, because of the rivalry, but to see China and India, which make up one-fourth of the world's population—could you help me? Do you think—do we have a good policy with reference to membership in the Security Council?

Mr. HILL. Well, sir, as you suggest, this does affect regions throughout the world that go well beyond my region, that is, East Asia and the Pacific, so I am probably not the right person to talk to about how this could affect the relations, for example, in the European Union if another European Union State were added to the Security Council. And I am probably not the right person to talk about the issue on India, except to say that China has not publicly supported India's bid for a Security Council seat.

I will say, with respect to Japan, because that is in my parish, that Japan is the second-largest economy in the world. It is the second-largest contributor to the United Nations. It is an enormous contributor to various U.N. organizations, especially in the area of humanitarian assistance. It is entirely appropriate that in the context of the U.N. reform that would include reform of the Security Council, that a country like Japan that has truly earned its stripes, that has truly had a global role and understands its responsibilities in the world, should be a member of the Security Council.

Mr. FALEOMAVAEGA. My apologies, Mr. Chairman, I know I have gone over time. I will wait for the second round. Thank you.

Mr. LEACH. Before turning to Mr. Wilson, because this issue has been broached, it is inexplicable to me why the United States of America would not be forthrightly supportive of Japan, India and Germany for permanent seats in the Security Council, absolutely inexplicable. And the Department of State really needs to think this through.

Mr. Wilson.

Mr. WILSON. Thank you, Mr. Chairman.

And thank you both for being here today.

And Under Secretary Hill, I greatly appreciated your hospitality when I visited you in Seoul. I appreciated—as Ambassador from the United States to Korea. And it was really infectious the appreciation you had and affection you had for the people of Korea. It was really eye-opening to me, in my three visits to Korea, to see what a dynamic nation that is, economically, politically, and what a great ally of the United States.

I am also of the opinion, though, I had the opportunity 2 years ago, thanks to the vision of Congressman Curt Weldon, to visit Pyongyang, and I was really startled to see a bankrupt nation, particularly when you compared it to the vibrancy of South Korea. And a disappointment I have had, even 2 years ago, I was very hopeful that China would see that it is in their interest that there not be a nuclearized Korean Peninsula, that it is in China's interest that there not be destabilization in the whole region. And particularly with the experience they had with the SARS epidemic, they discovered—it should be of no surprise—that China is so integrated into the world economy and so many jobs of its people relying on there being a good relationship and a stable economic and military circumstance on their borders. Could you comment, what is China doing since it props up the DPRK? Are they doing enough to really get the message across, without a regime change, that there need to be changes in North Korea?

Mr. HILL. Well, China is, of course, the host of the Six-Party process, and it is our view that, as host, they ought to deliver the participants to the table. They have not done that with North Korea.

We are in contact with the Chinese rather continuously on that precise subject. We have made it very clear that we need to get North Korea to the table, and we expect the host of the talks to be able to do that.

How can they do that? We are not going to tell them how to do it, but I would agree with you that there is enough influence there that they should be able to convince a country that they call a very close friend, that they should be able to convince their very close friend to come to the table, and they haven't done it. So this is, indeed, a problem, and as I said, if they ultimately fail, if they fail to get their very close friend to come to the table, the Six-Party process is going to fail. So I think the stakes are fairly high here for China, and I hope that the Chinese will see that.

Now, this is not for lack of our communication. We have really worked very hard with the Chinese on this. I think this is a question of what leverage they are prepared to employ with a neighbor.

And so the game is not over yet. And I don't want to set an artificial deadline, but it is clear that China needs to, for the interest of these talks, these talks that they host in Beijing, they need to get their close friend, by whatever means, to come to the table.

I wanted also to make clear that, from time to time, the Chinese have made suggestions to us about what we can do to help the environment, and we followed those suggestions. We have done a lot to work with China and to make sure that this is not a question on which somehow we have not shown necessary flexibility. I believe we have.

And I want to emphasize as head of our delegation on the Six-Party Talks, I am not focused on posturing. I am focused on results. I want to get them to the table, and I want to get on with this, because there are a lot of things going on in Asia, I mean, a lot of very, very important things going on in Asia beyond North Korea.

Mr. WILSON. And, again, in my visit, it was so obvious that the investments of South Korea and China, which have created so many jobs, have been such a positive development, but yet the most obvious indication of North Korea's impact on China is the virtual prison camps that are built around Embassies in Beijing to stop North Koreans from fleeing. And so, to me, the contrast is so extraordinary that a growing North Korea in the model of South Korea without regime change would be so beneficial for China and indeed change the entire image of Beijing.

Mr. HILL. You know, in diplomacy, sometimes you are asked to try to convince a country to do something that is not in its interest. That is a pretty nearly impossible task. I have tried it from time to time. And then often, what you are really trying to do is try to convince a country that it is in their interest. And I think this is a case where it is very much in China's interest to see a changed North Korea, a North Korea that can accomplish some of the things that China has done. And China should be a model to North Korea.

Yet, instead, the North Koreans seem uninterested in that model. And I say they seem uninterested because they seem uninterested in opening up. They don't seem to want to give visas to people to allow people to come and visit. They don't seem to want to participate in a sort of give-and-take in international conferences. I saw a little of this when I was at the ASEAN regional forum in Vientiane. They don't seem to want to integrate with the world. And it is a real problem. And I think it is a problem that will be ultimately their undoing.

Mr. WILSON. And I appreciate that. And I just see, again, such mutual benefit. I visited Shanghai in January. And to see such a modern vibrant society developing and how that would help North Korea, too, as a model as you indicate. Thank you, Mr. Chairman.

Mr. LEACH. Ms. Watson.

Ms. WATSON. Thank you so much, Mr. Chairman.

And I want to thank both gentlemen for coming and making their presentations. I have been listening very intently and trying to put myself into the social and mindset of the North Koreans. I kind of understand; they are pushing us as far as we can be pushed. And why not? When they were mentioned by the Adminis-

tration as one of the axis of evil—Iraq, Iran, and North Korea—and we invaded Iraq, what would make them think that we would not invade North Korea? And so what they are going to do is build up their forces.

And so I think it is a game they are playing, a mind game. We need to get into it. And if we could get them to sit down, because the problem is not with the other five nations; it is with us, because we have already threatened. And we have carried out that threat with another nation. So I think that, as diplomats, you have to know as much about the way they think as we do.

I raised this question with another diplomat last year, and they said, “Well, if we could read minds.” You know, unless we get into the thought processes, the belief system, and you have been threatened, you know, so we have got to work through how we plan.

Now, at what point—and you can comment on that as well as this—at what point do you think we would go to the Security Council with this issue knowing they have the component parts of a nuclear weapon? And if we apply sanctions, I understand that they would see that as a declaration of war. And so are they preparing to go to war with us? You know, is your bomb bigger than ours? So could you comment, please?

Mr. HILL. Well, first of all, I completely agree with you on the need to understand what they are up to. And as I said earlier, it is not easy. But you are absolutely right; it is essential to understand what the other side wants.

One of the things they seem to want is some sort of security guarantee. And we are prepared in that Six-Party process to give them a security guarantee.

Ms. WATSON. Excuse me. If I could just ask you, when you talk about the Six-Party process, are you prepared to kind of bifurcate that? Could it be part of the same time span where we meet one-on-one unilaterally—bilaterally, and then we, in the context of a weekly conference, say, then go to the Six-Party? I think that is going to be the rub right there. I think they want to confront us, and we ought to confront them without having their neighbors around. So I just wanted to add that, and you can comment on that.

Mr. HILL. I understand what you are saying. One of the reasons we want this to be a Six-Party process is the countries in the region also have a direct interest in North Korea’s nuclear programs.

You know, a few years ago, they fired a multi-stage missile that went right over Japan. I mean, it was a clear day, you could even see it go over Japan. So, clearly, Japan has a rather direct stake in dismantling these nuclear weapons programs. They have a very direct interest in that. Similarly, South Korea—and I was talking earlier about this great tragedy, this legacy of the 20th century that these proud people, Korean people, were brutally divided. They clearly have an interest in what goes on with North Korea. And I might add, you know, in the past, we would occasionally have conferences with the North Koreans some 10 years ago or so. And the way it worked was the South Koreans would wait at their airport for American diplomats to come back and tell them what went on.

Well, South Korea is the world's 10th largest country. They have got to be at the table, too. And we have to deal with this not only in a multilateral framework but also in a multilateral spirit. We need to work closely with allies, with like-minded countries. And it is not easy. And sometimes, it is frustrating. And sometimes, you say, "Well, this is too complicated, let us just do it bilaterally." But it is not a bilateral problem, because these other countries have direct concerns about it. They have a right to be at the table. And in any eventual settlement which might involve economic assistance, for example, or energy assistance to North Korea, in any eventual settlement, these countries are going to be involved. And so you can't just work it all out bilaterally and then, at the end of the whole thing, give them the check. I mean, they have got to be in on the negotiations.

Now, with respect to the actual technology of how this is done, that is, do you have to sit at a Six-Party or a six-sided table every day? No, siree. I mean, we ought to be very flexible in that Six-Party process. We ought to be looking for results. And I can just tell you that I am a career diplomat. I have done these kinds of negotiations. I was, for example, at the Dayton Peace Accords where we had several different parties there, Serbs, Croats, Bosnians, et cetera. And occasionally, we would meet bilaterally on this thing, and occasionally, we would all get together. But I don't think we should be too concerned about this format. I think we need to be concerned about the results and—as you said, as you very correctly said—get into their heads, try to figure out what it is they want, and see if we can give them what they want while we get what we need.

Ms. WATSON. Let me just comment by saying, you know, think of your own family.

Mr. HILL. They are in Korea now.

Ms. WATSON. Husband and wife yelling and screaming at each other. They go to a counselor, and the counselor will work on the grievances on both sides. And then they will say, "Bring the family in, the rest of the family in, because your behavior impacts on them." And I am thinking about this situation being in North Korea, South Korea, and being out there in that part of the world for an extended period of time. Words have great meaning. And I often think of Japan, because saving face is one of their most important values. What people say to each other and how they present themselves to each other has all the meaning in the world. And it occurs to me that a bilateral conversation where we can scream and yell and wave our fists at each other might be the first step. And then bringing in those who live in the house, live in the neighborhood—you know, we are not their neighbors. We are thousands of miles away across an ocean. But their argument is with us. What they have accumulated will be affected on them in the neighborhood. So I think I would have flexibility—just suggesting—I would have flexibility in where we use the bilateral and in what framework, because I think they are trying to stand up because they have been described as tyrants. They have been described as one of the axis of evil, and so they are just putting their fist up.

So I am suggesting that, when you think it through, you think about how we can get their attention, and they can deal with their grievances.

I just attended a conference in Qatar, and a recurring theme in the 4 days we were there is that terrorism feeds on grievances. So we need to get the grievances out on the table. It might be better to do it, you know, in your own bedroom than in the big family room. So this is just a suggestion diplomatically for you to think about as to how we structure that. Thank you very much.

Mr. HILL. Thank you.

Mr. LEACH. Well, thank you. And we now know why Mr. Clinton named you an Ambassador.

Let me just talk for a second more about this Six-Party framework. I mean, one of the aspects of it that I think should be placed on the table is that the other parties to it want the United States to do more bilaterally, and that has been publicly articulated. So it isn't as if we are protecting a Six-Party framework because the other members want us to protect it. Everybody likes the Six-Party framework, but they would like the United States to step out, and I think we ought to be prepared to. The problem of stepping out, though, is that in modern day diplomacy, you want to have a sense for results before you go forward. And that is why it is so important to have informal contacts before events as well as after. At this point in time, it strikes me that the way Kim Jong-il is treating the Six-Party Talks is the way Arafat treated Camp David. And the great downside of Arafat was not that he didn't accept exactly the proposal given to him, but he didn't counter. And the United States has presented a proposal at this point in time, and there has been no counter. And so Arafat and Kim Jong-il to date are leaders who can't say yes, and that is a very difficult thing.

Now, you have indicated the vested interest of China in certain things when you talked about how do you do things that are in other countries' vested interests? I think it is self-apparent that our position is very close to the Chinese position or vice versa. It is not self-apparent that our position is very close to the North Korean position. And that is the real dilemma: How do you get the other side to look at a common vested interest? And there are obviously a number of vested interests that they should and could have. Whether they are willing or able politically within their own structure to deal with this circumstance is a great question mark. And so some of it comes down quite obviously to economics of trade, economics of internal self-advancement.

I started earlier mentioning my appreciation for your comment about beef, because I have often thought that of the great tongue-in-cheek verse in the 20th century was Frost's comment about good fences make good neighbors, but good food makes better neighbors. And good egalitarian trade makes excellent neighbors. And so these are things that, as diplomats, we should concern ourselves with.

But this is a particular issue vis-a-vis North Korea, and they understand it. And we understand it. How can they do better by their own society? How can they avert having this terrible blemish of refugees, when these people don't want to be refugees? They are refugees because things are so internally awful. And are there lessons that can be learned?

Secretary Hill, you commented about a Chinese model, which is obviously market economics without regime change. And that might have some attraction to them. But it is not just market economics; it is international interrelationships. And these are things that the North Koreans should have some desire of achieving. And then, can they give in on certain things the rest of the world wants? Hopefully they can. But it is going to take an awful lot of not just trying to get in their head but somehow developing a respectful way of talking with them; and not just of a speech going over everybody's heads, but institutionalized approaches.

Sometimes, in this country, I have often thought processes are the most important product, and part of the American process is adaptability. And we ought to be the most adaptive diplomatic country, not the least adaptive. And so I think we ought to put a great deal of attention on this concept of adaptability.

Putting that aside, let me just turn to the great underlying Chinese issue, which is really trade, and the dilemma that we have. And the ramification of it is, of course, the currency issue. There are a lot of considerations going on today, and China is a country that doesn't like to be pressured, and it is a country that has a lot of its own self-interest in a given set of relationships and is very careful about some kinds of change. But to the degree its currency seems to be advantageous in trade, how do you see this working out? There is a great deal of literature developing that China is going to make a near-term decision to move somewhat more flexibly, but it also might be very minor. What do you see at this time?

Mr. HILL. Well, first of all, Mr. Chairman, I just want to say something about the American farmer, because every time I have talked to you privately, you always raise the issue of the American farmer. And I want you to know that when I talk to you here about U.S. beef, it is not just you I talk to. I have talked to the Koreans about this. I have talked to the Chinese about this. I have talked to the Japanese about this. It really is a matter of fundamental fairness that we ought to have access to these markets. There is absolutely nothing wrong with our beef. On the contrary, it is the best in the world. There is absolutely no question about that. We are working very hard with these countries. You know, it is not just enough to get the market open. We have to get consumers to buy the product. So there are two elements of this. So we are working very hard. I can say we are making some progress, but I really don't want to say that until people can sit down in a restaurant in Tokyo and eat American beef, and then I will tell you we are making progress. But I just want you to know this is a very important issue for us, and it goes beyond beef. It really is a question of elementary fairness to our men and women who work on farms, our men and women who have to earn a living and who may buy an imported product, but by golly, our products have a right to be exported.

With respect to your question on China, we have a bilateral trade relationship with China that just continues to grow by leaps and bounds. And our trade deficit with China also continues to grow by leaps and bounds. The Department of Treasury is the U.S. Government agency concerned with exchange rates, and they guard that prerogative very carefully and for good reason. So I shouldn't

be pronouncing myself on what the rate of exchange for the Chinese currency will be in the future. In fact, if I knew that, I probably wouldn't be here today. But I would say that ultimately I think China understands the enormous importance of the United States market to its success. If you take away the United States market, you will not see the high growth rates China has been enjoying. We and China are linked by our economic relationship. And I think China understands that when something is important to you, not just now but in the long run, it has to be sustainable in a number of different respects. It has to be sustainable economically, but it also has to be sustainable politically and socially. I mean people need to accept that China is going to be such a big trading partner. I think the Chinese know that. And the reason I think they know that is we tell them that every day. We work with them every day on this.

I think the rise of China is truly one of the inspirational events of our era. What is important to us is to make sure that it rises in a way that makes it a success. We want China to be a success. We want China to have a good relationship with us and share our values. One of our values has got to be basic fairness. Fairness in how you treat American exporters and also fairness in how you treat other American producers. So we are working with the Chinese very carefully on this issue of the exchange rate. They know our position. Secretary Snow, you may have seen, just had an op-ed. I think it was in the *Wall Street Journal* today. So I think our position is well known. I am confident, I really am confident that we are going to be able to work this out. And the reason I am confident is the Chinese do take a long term view, particularly of what their economy needs to keep growing. The answer is the U.S. economy. They know they need a sustainable relationship with us.

Mr. LEACH. Thank you very much.

Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Secretary Hill, I am so glad to hear your viewpoint on our relationship with China, because sometimes I get a little concerned that some elements of Washington—I suppose you might say, that treating China like a monster like the next Soviet Union or the next rival, we have to be very careful. And, like you said, if this country becomes successful economically and to be treated with respect, just as you said earlier, Mr. Secretary, I think that is what will make this world go better.

I know Mr. Lawless has not had any questions, and maybe I would like to pose one question to Secretary Lawless. I am a generalist. I don't get into specifics, but I just wanted to kind of pick your brain a little bit here. I make an observation that I would term the first Bush Administration was like wielding the sword. And, understandably, 3,000 people, innocent victims of that terrible tragedy on September 11th, and it was almost like the United States has awakened very angry, very upset, going after al-Qaeda and Osama bin Laden. It was our primary policy, and seemingly also I think, it was the military that really had the upper hand, so to speak, in the Bush White House in terms of determining our policies. One of the things that I recall in reading the book by Bob Woodward—the book was *The Plan of Attack*—the thing that really got my attention was that, of all the senior members of the Presi-

dent's Cabinet, according to Bob Woodward and the book, the President never asked his Secretary of State, the most senior member of his cabinet, what his professional opinion was as to whether or not we should go after Saddam Hussein. But the question that the President raised with Secretary Powell was: Are you with me or not? Kind of like, what is your real opinion?

Now the second Bush Administration, a general observation, our President now seems to stress diplomacy. Public diplomacy is now being exemplified by our First Lady Bush going to the Middle East and trying to raise issues of freedom and democracy. At the same time, we are proposing to sell military aircraft to Pakistan. I am curious how India feels about that. And I think now the latest proposed legislation that would also continue closely to—I don't know if it is exchanges or also selling military arms to Taiwan. I just wanted to ask you: Should there be a balance between diplomacy and our strategic needs? Or should one be atop the other? I kind of like to think diplomacy should come first rather than wielding the sword. It is almost like cowboy mentality, shoot first and then ask questions later.

Secretary Lawless?

Mr. LAWLESS. Yes. Well, you have carried me into rough waters here. But let me be very ginger in my response. I think that, on those subjects that I know a little bit about and do have immediate responsibility for—and by the way, the Pakistan-India equation is not one of them—but just to address myself to the issue on Taiwan that you raised, we are compelled, as you well know, by the Taiwan Relations Act, which is an act of Congress—it is a law of the land—to offer Taiwan such assistance as they may require to defend themselves. Now, what drives that in the final situation is the degree of threat that we perceive and that the Taiwanese perceive to be under from China. We have repeatedly said to China: "Please consider that you are driving the equation here, not necessarily the Taiwanese. If you do put 600 missiles off the shore of Taiwan and decline to renounce the use of force to reunify it, then you are creating a situation that the Taiwanese feel threatened and where our Taiwan Relations Act has currency."

So our situation, as I believe, we have always advocated a peaceful settlement, and we have advocated a direct dialogue between the two parties. Absent that direct dialogue and absent China's willingness to renounce the use of force in correcting the situation between these two entities, we have no choice but to abide by the law of the land. And I think that is a reasonable approach that the U.S. Government has, and I think that is why Congress put us in the position of having to deliver on that commitment.

Beyond that, it is very difficult to comment. But I would agree with you as well; I don't think that this is any inclination on our part to in any way disparage or rush ahead of the diplomatic track. We sit alongside Ambassador Hill, Assistant Secretary Hill at the Six-Party Talks. We are there with them. We are part of the inter-agency team, and the interagency team works from the President's position. So I think we are very closely linked up on all these issues with the Department of State, the National Security Council and the Office of the Vice President. And I think we work very, very well together.

Mr. FALEOMAVAEGA. Thank you, Mr. Secretary.

I suppose the comparable development now, the situation in Taiwan, this is most unusual as I have observed. Taiwan duly elected its President, and then all of a sudden, the leader of the opposition party goes to Beijing and meets with the leaders of China. Isn't that somewhat awkward in terms of protocol or even understanding, that this is really between the opposition party and those who duly elected President Chen? How does this fit into the Administration's position when the opposition leader went and talked to Beijing, yet the people of Taiwan duly elected a different gentleman from a different party? Is that somewhat inconsistent—in my thinking—on how to create peace internally? I mean, it kind of stirs up the pot a little more in that respect. Don't you think?

Mr. LAWLESS. I will make a brief comment, and then I will invite Ambassador Hill to finish. I think that, in all fairness, we are dealing with a democracy. Taiwan is a democracy. It is a functioning democracy. What the people of Taiwan choose to do, and their political parties choose to do in the final instance, is their decision. I don't think that we in any way discourage activity across the strait of any kind. We encourage an active dialogue by all parties. And if this furthers the dialogue, we really have very little to say about that. But I personally feel that it may be an encouraging event to see this level of dialogue take place. But we have repeatedly said to them, to the Taiwanese, "You are a democracy, and you have every right to elect, to do what you wish to do."

Mr. FALEOMAVAEGA. Secretary Hill.

Mr. HILL. Well, I agree with Mr. Lawless on that. I think dialogue is something that we are encouraging. And I would add, however, that if it is going to be a dialogue that could lead to a result here, I think China should also include consultations, include a dialogue with the elected authorities.

I think it is important that—you know, the One China Policy, China should not just act on it as a matter of legality but also as a matter of reconciliation. And I think China should think about how to achieve reconciliation with this population of 23 million people, this democracy of Taiwan. And I think, if China could think of it not just as exerting a legal right but also as making an act of reconciliation, they would see the value of engaging the elected authorities of Taiwan as well. And we encourage them to do so.

Mr. FALEOMAVAEGA. Secretary Hill, it is always easy to look at hindsight and say we made mistakes and all this and that. But in your honest professional opinion, do you think that some credit should be given to former President Clinton in terms of the conduct of bilateral relations with North Korea, at least for that 6-year span, that at least we didn't end up with a nuclear conflagration? But I just wanted to ask you, from your perspective, that maybe President Clinton did some positive things—don't you think—in our relationship with North Korea in that respect?

Mr. HILL. I came on my watch, and I have got a Six-Party process that the North Koreans don't want to participate in. I have got a problem of North Korea not even acknowledging that it has a highly-enriched uranium program and never acknowledging that. I have got a situation where they are staying out of the talks while they are reprocessing or apparently harvesting plutonium. So this

is what I see as I come on my watch. I am supposed to be the Assistant Secretary to Asia Pacific, and sometimes, I feel I am the Assistant Secretary to North Korea. So I guess I am just going to hold the applause for people until we get through this. And then, if this all goes well, I am going to give credit to everybody—everybody who ever could spell the word Korea. Okay?

Mr. FALEOMAVAEGA. In closing, Mr. Secretary, I will say I think Kim Jong-il has accomplished and achieved his number one goal: The whole world's attention is given to North Korea, a backward, non-industrialized, not-even-with-the-world community. But we have given the very thing that Kim Jong-il is wanting. He didn't want to meet with Japan or China. He wants to meet with us. And I was wondering, as the Chairman suggested, maybe that could be another option to consider. Because I could understand why the missile is going to Japan and Russia and our own problems with the situation with South Korea.

And my last question, Mr. Chairman, and I will shut up. Excuse me. Why does the United States refuse to conduct bilateral negotiations with North Korea? I know it is a trivial question, but I have always wanted to know, exactly what is the reason?

Mr. HILL. I want to emphasize, our chief negotiator—I mean, I am the head of delegation, but the chief negotiator, Joe DeTrani, was up in New York sitting face-to-face with senior North Korean diplomats to convey our views on this and to urge them to come back to the talks. If they are prepared to take part in the Six-Party Talks, we are prepared to deal with them bilaterally. We are prepared to deal with them in any way, shape or form. We are prepared to solve this problem. If I thought what stood between North Korea once and for all, once and for all, giving up its nuclear—it's plutonium programs and acknowledging and giving up its highly-enriched uranium programs, giving up programs that have gone on now for some 25, 30 years—if I thought that all could be accomplished by a meeting, I would be at that meeting.

Mr. FALEOMAVAEGA. Mr. Secretary, in closing, Mr. Chairman, that is exactly what I am trying to say. You are expecting me to be prepared the way you wanted me to be, rather than say, all right, here are my goodies, give me your goodies, and let us negotiate. But I am saying, a mentality in terms of a different cultural approach to the problems. And I think this is probably the reason why we have not been successful in the Six-Party Talks. I am sorry, Mr. Chairman, I apologize for being a little too much on this. But, Mr. Secretary, Secretary Lawless, thank you so much for being here.

Mr. LEACH. Well, thank you very much. And your reference to Mr. Clinton makes me think that history is more controversial than current events in the United States as well.

Let me simply conclude by thanking the two of you. And we get involved with an exaggeration of rhetoric. We have gone through an episode in the last 2 or 3 months in what we refer to as the other body where a nuclear option has been deterred, a nuclear option being a process issue between how the Senate operates. And actually, there are two real nuclear issues in the world: One is North Korea, and the other may be the impasse between India and Pakistan. The second is being forthrightly dealt with in diplomacy;

the first is not as compellingly. And the question is how we put that back on the table in a credible way. And we all have a vested interest in it.

I think, if there is any message of this Subcommittee, it is one, I think, of flexibility of and also a complete backing of your efforts, Ambassador Hill. We all have a vested interest that you succeed. And we want to be as strongly supportive of our Government, whether it was headed by Mr. Clinton or currently headed by Mr. Bush. It is the American position to see North Korea brought into the community of nations in a progressive way, and it should be, hopefully, in the North Korean vested interest as well.

Secretary Lawless, thank you very much for your testimony. And we are very appreciative of your comments as well. Thank you all. The Committee is adjourned.

[Whereupon, at 11:20 a.m., the Subcommittee was adjourned.]

